

CITY OF NEWTON, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2020

CITY OF NEWTON, IOWA
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INTRODUCTORY SECTION

Newton

January 8, 2021

To the Honorable Mayor, City Council, and Citizens of the City of Newton, Iowa:

I am pleased to submit the Annual Financial Report for the City of Newton, Iowa, for the fiscal year ended June 30, 2020, and to also provide information about the City organization and community. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than the U.S. Generally Accepted Accounting Principles. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Financial Report is presented in four sections: Introductory, Financial, Compliance, and Statistical. The Introductory section includes the table of contents, letter of transmittal, and a list of City officials. The Financial section includes the independent auditor's report, Management's Discussion and Analysis, the basic financial statements, other information, and supplementary information.

The Compliance Section includes the Auditor's Report on Internal Control over Financial Reporting and Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The Statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council, which consists of a Mayor and six-member City Council. The City Council is responsible for adopting ordinances, policy resolutions, the Annual Budget, and Capital Improvement Plan, appointing committees, and hiring the City Administrator, City Attorney, and City Clerk.

The City Administrator is responsible for overseeing the day-to-day operations of the City and for appointing and supervising the City's Department Directors. The City Council is elected on a non-partisan basis to four-year staggered terms, with three City Council members elected every two years. The Mayor is elected for a two-year term. Four of the City Council members are elected within their respective wards, and the Mayor and the two remaining City Council members are elected at-large.

This Report includes all funds of the City of Newton except for the Newton Waterworks and all discretely presented component units. The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery; and parks and recreation activities. In addition to general government activities, the City owns and operates enterprises for a regional landfill, water pollution control facility, and golf course.

ECONOMIC CONDITION AND OUTLOOK

The City of Newton serves as the Jasper County seat and as a local employment center. It is a regional retail hub, with a full range of shopping and services that represent more than 75% of the sales in Jasper County. The official population now stands at 15,254.

The overall outlook for Newton is positive. Supported by significant housing and retail initiatives, Newton has seen economic growth in the last 12 months. In 2020, the City issued building permits for new residential construction with a total valuation of \$2,658,400. Total valuation for all permits issued in Calendar Year 2020 had a valuation of \$4,654,923.

Newton remains the stable home of many strong local employers such as Cline Tool, Rock Communications, Arcosa Wind Towers, Van Maanen Electric, MercyOne Newton Medical Center, TPI Composites, Inc., The Vernon Company, and Thombert Inc. After decreasing from FY13 to FY17, total assessed value in the City of Newton grew during FY20 for the third year in a row. In June 2020, the unemployment rate was at 8.1%, up from 2.6% in June of 2019. This increase in unemployment is directly related to the ongoing Covid-19 pandemic.

The community is located along major transportation routes near an expanding metropolitan area and is intentionally diversifying its economic base. Newton continues to position itself for consistent future growth.

CITY OPERATIONS

The Mayor, City Council, and City Staff conduct goal setting activities on a regular basis in order to provide the City with a firm sense of direction about its future, as well as to evaluate current activities. The City's 2018-2020 Comprehensive Plan was adopted in the fall of 2018. Throughout fiscal year 2019-2020, Staff and the Council worked on implementing the plan through project initiatives and major capital investments.

FINANCIAL INFORMATION

City administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with the Cash Basis of Accounting, which is another comprehensive basis of accounting. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of “reasonable assurance” recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS

The City maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the program level.

As demonstrated by the financial statements and schedules included in the Financial Section of this Report, the City continues to meet its responsibility for sound financial management.

DEBT ADMINISTRATION

At June 30, 2020 the City of Newton had a number of debt issues outstanding. In fiscal year 2019-20, the City maintained an A+ rating from S&P Global Ratings on General Obligation Bond issues. Under current state statutes, the City's General Obligation debt issues are subject to a legal limitation based on 5% of total actual value of real property.

The City looks for, and calls in, bond issues that will generate annual principal and interest savings.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The Investment Policy adopted by the City Council stresses the importance of capital preservation. The Policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

RISK MANAGEMENT

The City is fully insured for its general and auto liability as well as public official, police professional, and ambulance professional liability. Workers' compensation coverage is provided through a statewide risk pool for local governments, the Iowa Municipalities Workers' Compensation Association (IMWCA). The City is fully insured for all insurance plans for medical, dental, and prescription drug expenses.

OTHER INFORMATION

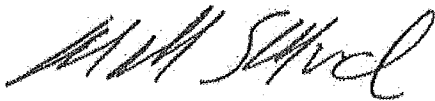
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. Gronewold, Bell, Kyhnn & Co. P.C. has issued unmodified opinions on the City of Newton's governmental activities, the business type activities, each major fund, and aggregate remaining funds financial statements for the year ended June 30, 2020. The independent auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

ACKNOWLEDGMENTS

I am grateful for the support and interest of the Mayor and City Council, Department Directors, and other management Staff for their conscientiousness in planning and conducting the financial operations of the City of Newton in a responsible and progressive manner. Preparation of this Report could not have been accomplished without the dedicated services of the Finance Officer and the efficient assistance of the City's independent auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matt Muckler", written in a cursive style.

Matt Muckler
City Administrator

CITY OF NEWTON, IOWA
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January, 2020)		
Michael Hansen	Mayor	January, 2020
Craig Trotter	Council Member	January, 2020
Mark Hallam	Council Member	January, 2020
Dean Stonner	Council Member	January, 2022
Lin Chape	Council Member	January, 2020
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite
(After January, 2020)		
Michael Hansen	Mayor	January, 2022
Craig Trotter	Council Member	January, 2024
Mark Hallam	Council Member	January, 2024
Dean Stonner	Council Member	January, 2022
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Randy Ervin	Council Member	January, 2024
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite

FINANCIAL SECTION

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council

Opinions

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major Governmental Funds:	
General	Unmodified
Special Revenue:	
Road Use Tax	Unmodified
Employee Benefits	Unmodified
Urban Renewal Tax Increment	Unmodified
Debt Service	Unmodified
Capital Projects	Unmodified
Major Enterprise Funds:	
Sewer	Unmodified
Landfill	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Newton as of June 30, 2020, or the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Newton as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

To the Honorable Mayor and
Members of the City Council

Other Matters

Supplementary and Other Information

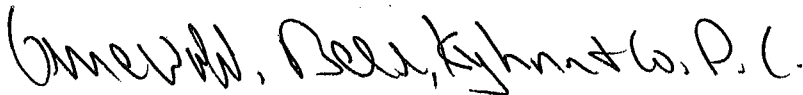
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2019 (which are not presented herein) and expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the four years ended June 30, 2014 (none of which are presented herein), were audited by other auditors whose report expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in page 3 and pages 42 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, including the Introductory Section, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions, and the Statistical Section, on pages 2 through 2c, 5 through 5f, 34 through 41, and 54 through 62, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2021 on our consideration of the City of Newton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Newton's internal control over financial reporting and compliance.



Atlantic, Iowa
January 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Newton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2020 FINANCIAL STATEMENTS

- Receipts of the City's governmental activities decreased 9.8%, or approximately \$2,712,000, from fiscal year 2019 to fiscal year 2020. Grants, contributions and restricted interest revenues decreased by approximately \$490,000, and debt proceeds decreased by approximately \$2,366,000.
- Disbursements of the City's governmental activities increased 12.6%, or approximately \$3,106,000, in fiscal year 2020 over fiscal year 2019. Capital projects disbursements increased by approximately \$819,000 and payments to refund debt increased by approximately \$1,928,000.
- The City's total cash basis net position decreased 5.7%, or approximately \$1,132,000, from June 30, 2019 to June 30, 2020. Of this amount, the cash basis net position of the governmental activities decreased approximately \$2,366,000 and the cash basis net position of the business type activities increased approximately \$1,234,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the sanitary sewer system, the landfill, and the golf course. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These funds focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefits and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Funds. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains separate Enterprise Funds to provide information for the Sewer and Landfill Funds, considered to be major funds of the City.

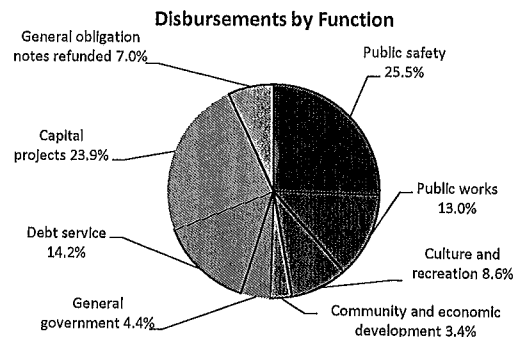
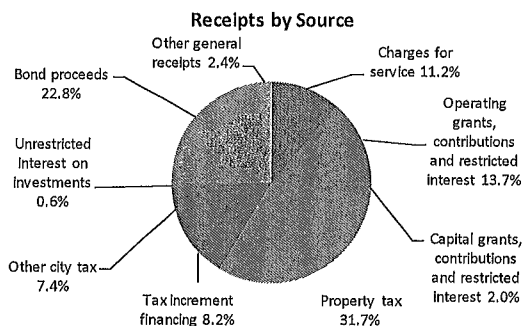
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$11.432 million to approximately \$9.066 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service	\$ 2,779	\$ 2,491
Operating grants, contributions and restricted interest	3,408	3,046
Capital grants, contributions and restricted interest	489	1,341
General receipts:		
Property tax	7,883	7,770
Tax increment financing	2,028	2,020
Other city tax	1,848	1,804
Unrestricted interest on investments	146	166
Bond proceeds	5,678	8,044
Other general receipts	601	890
Total receipts	<u>24,860</u>	<u>27,572</u>
Disbursements:		
Public safety	7,081	6,968
Public works	3,593	3,134
Culture and recreation	2,398	2,476
Community and economic development	957	1,249
General government	1,207	1,309
Debt service	3,944	3,685
Capital projects	6,634	5,815
General Obligation notes refunded	1,928	--
Total disbursements	<u>27,742</u>	<u>24,636</u>
Change in cash basis net position before transfers	(2,882)	2,936
Transfers, net	<u>516</u>	<u>373</u>
Change in cash basis net position	(2,366)	3,309
Cash basis net position beginning of year	<u>11,432</u>	<u>8,123</u>
Cash basis net position end of year	<u>\$ 9,066</u>	<u>\$ 11,432</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City's total receipts for governmental activities decreased 9.8%, or approximately \$2,712,000, over the prior year. The total cost of all programs and services increased approximately \$3,106,000, or 12.6%, with no new programs added this year. The decrease in revenues was primarily the result of debt proceed revenues. The increase in disbursements was primarily the result of the capital projects disbursements and refunding debt payments.

The cost of all governmental activities this year was approximately \$27.742 million compared to approximately \$24.636 million last year. The City's disbursements increased the most in the capital projects function. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for services, decreased in fiscal year 2020 from approximately \$6,878,000 to approximately \$6,676,000, principally due to receiving less in capital grants, contributions and restricted interest.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 2,976	\$ 2,764
Landfill	2,032	2,257
Golf	281	261
Operating grants, contributions and restricted interest	23	24
General receipts:		
Unrestricted interest on investments	131	163
Other general receipts	194	151
Total receipts	<u>5,637</u>	<u>5,620</u>
Disbursements:		
Sewer	2,341	2,637
Landfill	1,049	1,042
Golf	497	494
Total disbursements	<u>3,887</u>	<u>4,173</u>
Change in cash basis net position before transfers	1,750	1,447
Transfers, net	<u>(516)</u>	<u>(373)</u>
Change in cash basis net position	1,234	1,074
Cash basis net position beginning of year	<u>8,353</u>	<u>7,279</u>
Cash basis net position end of year	<u>\$ 9,587</u>	<u>\$ 8,353</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total business type activities receipts for the fiscal year were approximately \$5.637 million compared to approximately \$5.620 million last year. This increase was due to an increase in general receipts. Total disbursements for the fiscal year decreased 6.85% to approximately \$3.887 million due to decreased sewer disbursements.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Newton completed the year, its governmental funds reported a combined fund balance of \$9,065,811, a decrease of approximately \$2,366,000 from last year's total of \$11,432,441. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$788,119 from the prior year to \$2,811,471. Disbursements decreased \$260,519, or 3.0%, over the prior year. The miscellaneous receipts increased approximately \$601,000, primarily due to the City receiving an estate donation for the Library.
- The Special Revenue, Employee Benefits Fund cash balance increased \$40,095 to \$195,435, primarily due to property tax collections plus transfers being more than benefits paid.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$56,370 to \$(174,769). The City collected more in tax increment financing receipts and sold plots of land for approximately \$250,000 in the current year while disbursing less of rebate payments to developers.
- The Debt Service Fund cash balance decreased \$225,414 to \$126,170.
- The Capital Projects Fund cash balance decreased \$2,453,849 to \$4,566,384.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Sewer Fund cash balance increased \$359,052 to \$1,106,013, due to decreased capital project costs and increased operating receipts in the current year.
- The Enterprise, Landfill Fund cash balance increased \$971,640 to \$8,826,132 due to operating receipts being more than operating disbursements in the current year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 18, 2020 and resulted in an increase in operating disbursements in the amount of \$5,335,344.

The City's receipts were \$602,163 more than budgeted. This was primarily due to actual revenues in charges for services being more than budgeted and actual revenues in licenses and permits and miscellaneous being less than budgeted.

Actual disbursements were \$6,698,792 less than the amended budget. This was primarily due to actual disbursements in the debt service, capital projects, and business type activities being less than budgeted.

DEBT ADMINISTRATION

At June 30, 2020, the City had \$32,910,474 of bonds and other long-term debt outstanding, compared to \$32,483,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
General obligation notes and bonds	\$ 31,126	\$ 30,405
Sewer revenue capital loan notes	1,784	2,078
Total	\$ 32,910	\$ 32,483

Debt increased as a result of the City issuing \$5.678 million of General Obligation Refunding Bonds and Corporate Purpose Bonds during the year.

The City was assigned a general obligation bond rating of A+ by S&P Global Ratings in March of 2019. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$31,126,474 is significantly below its constitutional debt limit of approximately \$42 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Newton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates, and fees charged for various City activities. One of those factors is the economy. Unemployment in Jasper County now stands at 8.1% versus 2.6% a year ago. This compares with the State's unemployment rate of 8.4% and the national rate of 11.1%. All unemployment figures are as of June 30, 2020.

These indicators were taken into account when adopting the budget for fiscal year 2021. Amounts available for appropriation in the operating budget, including balances on hand and other financing sources, are approximately \$53 million, a decrease of 9.3% from the final fiscal year 2020 budget. The decrease is due primarily to spending unused bond proceeds for capital items. Budgeted disbursements/expenses decreased by approximately \$2.3 million dollars.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately 2.5 million dollars by the close of fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Frasier, Finance Officer, 101 W. 4th Street S., Newton, Iowa 50208.

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2020

		Program Receipts	
		Charges for	Operating Grants, Contributions, and Restricted Interest
	<u>Disbursements</u>	<u>Service</u>	
Functions/Programs:			
Governmental activities:			
Public safety	\$ 7,080,878	\$ 1,493,840	\$ 476,757
Public works	3,592,615	976,662	1,984,280
Culture and recreation	2,398,550	202,808	732,351
Community and economic development	957,173	55,935	90,439
General government	1,207,102	49,599	81,401
Debt service	3,943,699	--	25,496
Capital projects	6,634,097	--	17,373
Total governmental activities	<u>25,814,114</u>	<u>2,778,844</u>	<u>3,408,097</u>
Business type activities:			
Sewer	2,340,668	2,976,127	17,599
Landfill	1,049,176	2,032,434	3,935
Golf	497,333	280,463	1,585
Total business type activities	<u>3,887,177</u>	<u>5,289,024</u>	<u>23,119</u>
Total	<u>\$ 29,701,291</u>	<u>\$ 8,067,868</u>	<u>\$ 3,431,216</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Hotel motel tax			
Franchise fees			
Local option sales tax			
Speedway ticket surcharge			
Unrestricted interest on investments			
Proceeds from sale of assets			
Debt proceeds			
Bonds issued for refunding debt			
Payment for refunding debt			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$(5,110,281)	\$ --	\$(5,110,281)
--	(631,673)	--	(631,673)
--	(1,463,391)	--	(1,463,391)
--	(810,799)	--	(810,799)
--	(1,076,102)	--	(1,076,102)
--	(3,918,203)	--	(3,918,203)
<u>489,234</u>	<u>(6,127,490)</u>	<u>--</u>	<u>(6,127,490)</u>
<u>489,234</u>	<u>(19,137,939)</u>	<u>--</u>	<u>(19,137,939)</u>
--	--	653,058	653,058
--	--	987,193	987,193
<u>--</u>	<u>--</u>	<u>(215,285)</u>	<u>(215,285)</u>
<u>--</u>	<u>--</u>	<u>1,424,966</u>	<u>1,424,966</u>
<u>\$ 489,234</u>	<u>(19,137,939)</u>	<u>1,424,966</u>	<u>(17,712,973)</u>
	6,719,932	--	6,719,932
	1,162,840	--	1,162,840
	2,027,592	--	2,027,592
	282,411	--	282,411
	99,384	--	99,384
	1,565,459	--	1,565,459
	184,000	--	184,000
	146,496	131,117	277,613
	312,341	955	313,296
	3,683,000	--	3,683,000
	1,995,000	--	1,995,000
	(1,928,000)	--	(1,928,000)
	4,935	193,257	198,192
	<u>515,919</u>	<u>(515,919)</u>	<u>--</u>
	<u>16,771,309</u>	<u>(190,590)</u>	<u>16,580,719</u>
	(2,366,630)	1,234,376	(1,132,254)
	<u>11,432,441</u>	<u>8,353,367</u>	<u>19,785,808</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>
	<u>Disbursements</u>	<u>Charges for Service</u>
		<u>Operating Grants, Contributions, and Restricted Interest</u>
Cash Basis Net Position		
Restricted:		
Nonexpendable:		
Cemetery perpetual care		
Permanent endowments		
Expendable:		
Streets		
Urban renewal purposes		
Housing initiative		
Capital projects		
Debt service		
Waste reduction		
Closure and postclosure care		
Other purposes		
Unrestricted		
Total cash basis net position		

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ 349,755	\$ --	\$ 349,755
	233,320	--	233,320
	602,532	--	602,532
(174,769)	--	(174,769)
	279,648	--	279,648
	4,566,384	--	4,566,384
	126,170	27,795	153,965
	--	155,628	155,628
	--	2,461,956	2,461,956
	271,300	--	271,300
	<u>2,811,471</u>	<u>6,942,364</u>	<u>9,753,835</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

		Special Revenue	
	General	Employee Benefits	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 3,723,880	\$ 2,569,396	\$ --
Tax increment financing	--	--	2,027,592
Other city tax	376,056	64,791	--
Licenses and permits	247,113	--	--
Use of money and property	115,504	--	2,294
Intergovernmental	727,296	78,643	57,359
Charges for service	2,268,378	--	--
Special assessments	13,093	--	--
Miscellaneous	861,346	114,256	184,000
Total receipts	<u>8,332,666</u>	<u>2,827,086</u>	<u>2,271,245</u>
Disbursements:			
Operating:			
Public safety	4,014,526	2,448,171	--
Public works	1,122,586	181,218	--
Culture and recreation	1,500,425	518,758	--
Community and economic development	719,035	101,522	14,322
General government	1,006,982	160,233	--
Debt service	--	--	--
Capital projects	--	--	--
Total disbursements	<u>8,363,554</u>	<u>3,409,902</u>	<u>14,322</u>
Excess (deficiency) of receipts over (under) disbursements	(30,888)	(582,816)	2,256,923
Other financing sources (uses):			
Debt proceeds	--	--	--
Bonds issued for refunding debt	--	--	--
Payment for refunding debt	--	--	--
Proceeds from sale of assets	41,871	--	250,000
Transfers in	777,136	622,911	--
Transfers out	--	--	(2,563,293)
Total other financing sources (uses)	<u>819,007</u>	<u>622,911</u>	<u>(2,313,293)</u>
Change in cash balances	788,119	40,095	(56,370)
Cash balances beginning of year	<u>2,023,352</u>	<u>155,340</u>	<u>(118,399)</u>
Cash balances end of year	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$ (174,769)</u>

(continued next page)

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,106,201	\$ --	\$ 17,035	\$ 7,416,512
--	--	--	2,027,592
23,972	--	1,565,459	2,030,278
--	--	--	247,113
5,597	85,207	4,372	212,974
32,667	489,234	1,962,242	3,347,441
--	--	--	2,268,378
--	--	--	13,093
25,496	17,373	103,372	1,305,843
<u>1,193,933</u>	<u>591,814</u>	<u>3,652,480</u>	<u>18,869,224</u>
--	--	618,181	7,080,878
--	--	2,288,811	3,592,615
--	--	379,367	2,398,550
--	--	122,294	957,173
--	--	39,887	1,207,102
3,943,699	--	--	3,943,699
--	6,634,097	--	6,634,097
<u>3,943,699</u>	<u>6,634,097</u>	<u>3,448,540</u>	<u>25,814,114</u>
(2,749,766)	(6,042,283)	203,940	(6,944,890)
105,776	3,577,224	--	3,683,000
1,995,000	--	--	1,995,000
(1,928,000)	--	--	(1,928,000)
--	10,210	10,260	312,341
2,351,576	492,718	--	4,244,341
--	(491,718)	(673,411)	(3,728,422)
<u>2,524,352</u>	<u>3,588,434</u>	<u>(663,151)</u>	<u>4,578,260</u>
(225,414)	(2,453,849)	(459,211)	(2,366,630)
<u>351,584</u>	<u>7,020,233</u>	<u>2,000,331</u>	<u>11,432,441</u>
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2020

		<u>Special Revenue</u>	
	<u>General</u>	<u>Employee Benefits</u>	<u>Urban Renewal Tax Increment</u>
Cash Basis Fund Balances			
Nonspendable:			
Cemetery perpetual care	\$ --	\$ --	\$ --
Park endowment	--	--	--
Restricted for:			
Streets	--	--	--
Urban renewal purpose	--	--	(174,769)
Housing initiative	--	--	--
Capital projects	--	--	--
Debt service	--	--	--
Other purposes	--	195,435	--
Assigned for:			
Library reserve	605,049	--	--
Other purposes	18,899	--	--
Unassigned	<u>2,187,523</u>	<u>--</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$ (174,769)</u>

The accompanying notes are an integral part of these statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 349,755	\$ 349,755
--	--	233,320	233,320
--	--	602,532	602,532
--	--	--	(174,769)
--	--	279,648	279,648
--	4,566,384	--	4,566,384
126,170	--	--	126,170
--	--	75,865	271,300
--	--	--	605,049
--	--	--	18,899
--	--	--	2,187,523
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2020

	Enterprise	
	Sewer	Landfill
Operating receipts:		
Charges for service	\$ 2,976,127	\$ 2,002,724
Total operating receipts	<u>2,976,127</u>	<u>2,002,724</u>
Operating disbursements:		
Business type activities	<u>1,651,038</u>	<u>856,898</u>
Total operating disbursements	<u>1,651,038</u>	<u>856,898</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	1,325,089	1,145,826
Non-operating receipts (disbursements):		
Interest on investments	13,224	117,893
Miscellaneous	26,288	69,984
Rent	--	29,710
Proceeds from sale of assets	--	505
Debt service	(339,235)	--
Capital projects	(350,395)	(192,278)
Net non-operating receipts (disbursements)	<u>(650,118)</u>	<u>25,814</u>
Excess (deficiency) of receipts over (under) disbursements	674,971	1,171,640
Transfers in	491,718	--
Transfers out	(807,637)	(200,000)
Total transfers in (out)	<u>(315,919)</u>	<u>(200,000)</u>
Change in cash balances	359,052	971,640
Cash balances beginning of year	<u>746,961</u>	<u>7,854,492</u>
Cash balances end of year	<u>\$ 1,106,013</u>	<u>\$ 8,826,132</u>
Cash Basis Fund Balances		
Restricted for:		
Debt service	\$ 27,795	\$ --
Waste reduction	--	155,628
Closure and postclosure care	--	2,461,956
Unrestricted	<u>1,078,218</u>	<u>6,208,548</u>
Total cash basis fund balances	<u>\$ 1,106,013</u>	<u>\$ 8,826,132</u>

The accompanying notes are an integral part of these statements.

Enterprise	
<u>Nonmajor-Golf</u>	<u>Total</u>
\$ 280,463	\$ 5,259,314
280,463	5,259,314
473,340	2,981,276
473,340	2,981,276
(192,877)	2,278,038
--	131,117
120,104	216,376
--	29,710
450	955
--	(339,235)
(23,993)	(566,666)
96,561	(527,743)
(96,316)	1,750,295
--	491,718
--	(1,007,637)
--	(515,919)
(96,316)	1,234,376
(248,086)	8,353,367
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>
\$ --	\$ 27,795
--	155,628
--	2,461,956
(344,402)	6,942,364
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newton is a political subdivision of the State of Iowa located in Jasper County. It was first incorporated in 1857 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. In addition to general government activities, the municipality owns and operates enterprises for sewer services, a regional landfill and a golf course.

A. Reporting Entity

For financial reporting purposes, the City of Newton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Excluded Component Units

These financial statements present the City of Newton (the primary government). The financial statements do not include financial data for the Newton Municipal Waterworks, Newton Public Library Foundation and Friends of the Newton Public Library, legally separate entities which should be reported as discretely presented component units.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Mid-Iowa Narcotics Enforcement, Jasper County Joint E911 Service Board, Jasper County Assessor's Conference Board and Jasper County Emergency Management Commission.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statement

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. All remaining enterprise funds are aggregated and reported as nonmajor enterprise funds.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Employee Benefits Fund is used to account for the employee benefit property tax levy for the payment of employment benefits.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Landfill Fund accounts for the operation and maintenance of the Newton Sanitary Landfill.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS AND NOTES PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2020 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation					
Bonds/Notes	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Governmental Activities					
Total	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Business Type Activities:					
Sewer Revenue Notes	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>
Business Type Activities					
Total	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Annual debt service requirements to maturity for general obligation bonds and notes and revenue notes are as follows:

Year Ending June 30,	General Obligation Notes & Bonds		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,155,254	\$ 854,073	\$ 302,000	\$ 34,607	\$ 3,457,254	\$ 888,680
2022	3,204,467	780,358	312,000	29,035	3,516,467	809,393
2023	3,299,683	704,374	323,000	23,275	3,622,683	727,649
2024	3,322,900	630,746	180,000	17,310	3,502,900	648,056
2025	3,352,120	552,501	186,000	13,835	3,538,120	566,336
2026 - 2030	7,520,968	1,831,299	481,000	22,218	8,001,968	1,853,517
2031 - 2035	4,988,797	856,799	--	--	4,988,797	856,799
2036 - 2039	2,282,285	175,944	--	--	2,282,285	175,944
	<u>\$ 31,126,474</u>	<u>\$6,386,094</u>	<u>\$1,784,000</u>	<u>\$ 140,280</u>	<u>\$ 32,910,474</u>	<u>\$6,526,374</u>

General Obligation Notes/Bonds

On June 27, 2012, the City issued \$9,385,000 of general obligation bonds with interest rates ranging from 1.00% to 2.25% per annum. The bonds were issued for refunding prior general obligation bonds and for urban renewal projects. During the year ended June 30, 2020, the City paid \$845,000 of principal and \$99,620 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 18, 2014, the City issued \$4,330,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.90% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and for the Housing Initiative Program. During the year ended June 30, 2020, the City paid \$655,000 of principal and \$41,375 of interest on the bonds. The bonds mature in fiscal year 2023.

On June 18, 2014, the City issued \$2,525,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.15% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and other general improvement projects. During the year ended June 30, 2020, the City paid \$155,000 of principal and \$31,753 of interest on the bonds. The bonds mature in fiscal year 2024.

On June 30, 2015, the City issued \$4,790,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.95% per annum. The bonds were issued for urban renewal projects and housing initiative projects. During the year ended June 30, 2020 the City paid \$540,000 of principal and \$85,925 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 30, 2015, the City issued \$4,705,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued for urban renewal projects, equipment purchases, street, sanitary sewer system, sidewalk improvements and traffic control improvements. During the year ended June 30, 2020, the city paid \$430,000 of principal and \$80,087 of interest on the bonds. The bonds mature in fiscal year 2026.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On August 22, 2017, the City issued \$1,448,000 of general obligation urban renewal bonds with an interest rate of 3.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$48,000 of principal and \$42,842 of interest on the bonds. The bonds mature in fiscal year 2028.

On August 22, 2017, the City issued \$1,632,000 of general obligation urban renewal bonds with an interest rate of 2.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$29,000 of principal and \$33,915 of interest on the bonds. The bonds mature in fiscal year 2028.

On December 6, 2017, the City issued \$2,388,000 of general obligation urban renewal bonds with an interest rate of 3.42%. The bonds were issued for urban renewal projects, street improvements and downtown funding for development projects. During the year ended June 30, 2020, the City paid \$141,000 of principal and \$77,053 of interest on the bonds. The bonds mature in fiscal year 2032.

On May 24, 2018, the City issued \$450,000 of general obligation housing development notes with an interest rate of 1.00%. The notes were issued to provide a flexible program of financial assistance in the form of low-interest loans to provide workforce housing in needed areas. During the year ended June 30, 2020, the City paid \$20,526 of principal and \$4,969 of interest on the notes. The notes mature in fiscal year 2039.

On April 16, 2019, the City issued \$4,310,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 4.00% per annum. The bonds were issued for sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020, the City paid \$100,000 of principal and \$167,217 of interest on the bonds. The bonds mature in fiscal year 2038.

On April 16, 2019, the City issued \$3,095,000 of general obligation urban renewal bonds with interest rates ranging from 2.85% to 3.60% per annum. The bonds were issued for urban renewal projects, sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020 the City paid \$0 of principal and \$114,860 of interest on the bonds. The bonds mature in fiscal year 2034.

On November 7, 2019, the City issued \$1,995,000 of general obligation bonds with interest rates ranging from 1.85% to 3.13% per annum. The bonds were issued for refunding prior general obligation bonds. During the year ended June 30, 2020, the City paid \$65,000 of principal and \$27,576 of interest on the bonds. The bonds mature in fiscal year 2038.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On April 6, 2020, the City issued \$2,340,000 of general obligation bonds with an interest rate of 3.00%. The bonds were issued for urban renewal projects, equipment purchases, sidewalk improvements and refunding prior callable general obligation bonds. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

On April 6, 2020, the City issued \$1,230,000 of general obligation bonds with interest rates ranging from 2.61% to 3.55% per annum. The bonds were issued for paying the cost of acquiring, demolishing, and/or restoring dangerous, dilapidated and/or abandoned properties. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,261,000 of sewer revenue notes issued in April 2002, \$2,561,000 issued in April 2007 and \$548,000 issued in January 2010. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes carry an interest rate of 1.75%, 1.75% and 3.00%, respectively and are payable solely from sewer customer net receipts and are payable through 2023, 2027 and 2030, respectively. Annual principal and interest payments on the notes required approximately 25% of net receipts during the year. The total principal and interest remaining to be paid on the notes is \$1,924,280. For the current year, principal and interest paid and total customer net receipts were \$334,040 and \$1,325,089, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account within the Enterprise, Sewer Fund for the purpose of making the note principal and interest payments when due.
- (c) User rates shall be established and charged to customers of the utility, including the City, to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

NOTE 4 - IPERS PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$390,986.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$3,023,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.064541%, which was an increase of 0.001790% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$563,202, \$482,062 and \$601,054 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 5,405,017	\$ 3,023,073	\$ 1,025,170

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5 - MFPRSI PENSION PLAN

Plan Description - Municipal Fire and Police Retirement System of Iowa (MFPRSI) membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Newton are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled \$801,647.

If approved by the State Legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$6,463,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 0.985439% which was a decrease of 0.079694% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$1,377,143, \$1,291,683, and \$477,060 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00%
Salary increases	3.75% to 15.11%, including inflation
Investment rate of return	7.50%, net of investment expense, including inflation

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2017.

Postretirement mortality rates were based on RP-2014 Blue Collar Combined Healthy Annuitant Table with males set forward zero years, females set forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	5.5%
Small Cap	5.8%
International Large Cap	7.3%
Emerging Markets	9.0%
Emerging Markets Debt	6.3%
Private Non-Core Real Estate	8.0%
Master Limited Partnerships	9.0%
Private Equity	9.0%
Core Plus Fixed Income	3.3%
Private Core Real Estate	6.0%
Tactical Asset Allocation	6.4%

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$ 10,524,128	\$ 6,463,756	\$ 3,100,973

MFPRSI's Fiduciary Net Position - Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$2,366,999 and plan members eligible for benefits contributed \$144,297 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	123
Total	126

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensatory time and vacation payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 758,000
Compensatory time	<u>28,000</u>
Total	<u>\$ 786,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use Tax	\$ 50,500
	Urban Renewal Tax Increment	326,636
	Enterprise:	
	Sewer	200,000
	Landfill	200,000
		<u>777,136</u>
Special Revenue:	Special Revenue:	
Employee Benefits	Self Insurance	75,000
	Local Option Sales Tax	547,911
		<u>622,911</u>
Capital Projects	Special Revenue:	
	Urban Renewal Tax Increment	1,000
	Enterprise:	
	Sewer	491,718
		<u>492,718</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	2,235,657
	Enterprise:	
	Sewer	115,919
		<u>2,351,576</u>
Enterprise:	Capital Projects	
Sewer		<u>491,718</u>
Total		<u>\$ 4,736,059</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE

To comply with federal and state regulations, the City is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills which receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology or applicable laws or regulations.

These costs for the City have been estimated at \$4,345,080 for closure and \$1,716,000 for postclosure, for a total of \$6,061,080 as of June 30, 2020. The estimated remaining life of the landfill is 135 years, with approximately 46% of the landfill's capacity used at June 30, 2020.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The City has begun to accumulate resources to fund these costs and, at June 30, 2020, assets of \$2,461,956 are restricted for these purposes. They are reported as restricted cash basis fund balance in the Enterprise, Landfill fund in the Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Proprietary Funds.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the City is required to demonstrate financial assurance for the unfunded costs. The City has adopted the local government financial test financial assurance mechanism. Under this mechanism, the City must certify the following to the Iowa Department of Natural Resources:

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE -
Continued

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the City is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

NOTE 10 - SOLID WASTE TONNAGE FEES RETAINED

The City has established an account for restricting and using solid waste tonnage fees retained by the City in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2020, the City had unspent tonnage fees of \$155,628.

NOTE 11 - RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - RISK MANAGEMENT - Continued

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$196,862.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and for the Newton Municipal Airport for liability insurance in the amount of \$1,000,000 and \$5,000,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - DEVELOPMENT AGREEMENTS

The City has entered into various development agreements to assist in certain urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer and make economic development grant payments in exchange for the construction of buildings and certain improvements by the developers. Certain agreements also require the developer to certify specific employment requirements are met.

The total amount rebated during the year ended June 30, 2020 was \$14,322. The estimated outstanding balance of the agreements at June 30, 2020 is \$2,087,644.

These agreements are not a general obligation of the City. However, the agreements are subject to the constitutional debt limitation of the City, except for the amounts which require an annual appropriation by the City Council. The amount of the development agreements subject to the constitutional debt limit at June 30, 2020 is \$ - 0 - .

NOTE 13 - CONSTRUCTION COMMITMENTS

The City has entered into construction contracts totaling approximately \$10,597,000 for street, sidewalk, trail, airport, sanitary sewer, landfill and sewer improvements. As of June 30, 2020, approximately \$7,131,000 had been paid on the contracts. The remaining \$3,466,000 will be paid from existing funds as work on the projects progresses.

NOTE 14 - DEFICIT BALANCES

The City had deficit balances at June 30, 2020, as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Speedway/Prairie Fire TIF	\$ 400,643
Enterprise:	
Golf	344,402

The deficit balances are the result of costs incurred prior to availability of funds. The deficit in the Enterprise, Golf Fund will be eliminated through future receipts. The deficits in the Special Revenue, Speedway/Prairie Fire TIF fund will be eliminated through future tax increment financing collections.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 15 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, \$5,868 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 16 - DEFEASANCE OF DEBT

On November 7, 2019, the City issued \$1,995,000 of general obligation refunding bonds with an interest rate ranging from 1.85% to 3.13% per annum to current refund \$1,928,000 of general obligation urban renewal bonds dated March 19, 2018 with an average interest rate of 4.08%. The net proceeds of \$1,952,584 (after a bond discount of \$21,945, an original issue discount of \$5,696, and other issuance costs) were used to refund the debt. The refunding was undertaken to reduce total debt service payments over the next 18 years by \$98,131 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$141,311.

NOTE 17 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through January 8, 2021, the date the financial statements were available to be issued.

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OTHER INFORMATION

CITY OF NEWTON, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL
FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION

Year ended June 30, 2020

	<u>Cash Basis</u>		<u>(Unaudited)</u> <u>GAAP Basis</u> <u>Component Unit</u> Newton Municipal Waterworks Actual
	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	
Receipts:			
Property tax	\$ 7,416,512	\$ --	\$ --
Tax increment financing	2,027,592	--	--
Other city tax	2,030,278	--	--
Licenses and permits	247,113	--	--
Use of money and property	212,974	160,827	--
Intergovernmental	3,347,441	--	--
Charges for service	2,268,378	5,259,314	3,637,152
Special assessments	13,093	--	--
Miscellaneous	1,305,843	216,376	--
Total receipts	<u>18,869,224</u>	<u>5,636,517</u>	<u>3,637,152</u>
Disbursements:			
Public safety	7,080,878	--	--
Public works	3,592,615	--	--
Culture and recreation	2,398,550	--	--
Community and economic development	957,173	--	--
General government	1,207,102	--	--
Debt service	3,943,699	--	--
Capital projects	6,634,097	--	--
Business type activities	--	3,887,177	3,249,237
Total disbursements	<u>25,814,114</u>	<u>3,887,177</u>	<u>3,249,237</u>
Excess (deficiency) of receipts over (under) disbursements	(6,944,890)	1,749,340	387,915
Other financing sources (uses), net	<u>4,578,260</u>	<u>(514,964)</u>	<u>--</u>
Change in fund balances	(2,366,630)	1,234,376	387,915
Balances beginning of year	<u>11,432,441</u>	<u>8,353,367</u>	<u>6,084,911</u>
Balances end of year	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 6,472,826</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
\$ 7,416,512	\$ 7,510,478	\$ 7,510,478	\$ (93,966)
2,027,592	2,088,844	2,088,844	(61,252)
2,030,278	2,018,549	2,018,549	11,729
247,113	357,650	357,650	(110,537)
373,801	278,810	278,810	94,991
3,347,441	3,303,293	3,305,218	42,223
11,164,844	10,229,155	10,229,155	935,689
13,093	21,500	21,500	(8,407)
1,522,219	1,141,694	1,730,526	(208,307)
<u>28,142,893</u>	<u>26,949,973</u>	<u>27,540,730</u>	<u>602,163</u>
7,080,878	7,245,266	7,360,266	279,388
3,592,615	3,199,896	3,849,896	257,281
2,398,550	2,652,872	2,656,216	257,666
957,173	1,005,042	1,137,042	179,869
1,207,102	1,218,428	1,253,428	46,326
3,943,699	3,860,998	6,360,998	2,417,299
6,634,097	7,787,200	9,487,200	2,853,103
7,136,414	7,344,274	7,544,274	407,860
<u>32,950,528</u>	<u>34,313,976</u>	<u>39,649,320</u>	<u>6,698,792</u>
(4,807,635)	(7,364,003)	(12,108,590)	7,300,955
<u>4,063,296</u>	<u>7,813,977</u>	<u>9,813,977</u>	<u>(5,750,681)</u>
(744,339)	449,974	(2,294,613)	1,550,274
<u>25,870,719</u>	<u>18,583,853</u>	<u>18,583,853</u>	<u>7,286,866</u>
<u>\$ 25,126,380</u>	<u>\$ 19,033,827</u>	<u>\$ 16,289,240</u>	<u>\$ 8,837,140</u>

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2020

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis, except as noted below, following required public notice and hearing for all funds. The City's budget includes the Newton Municipal Waterworks, a component unit, not included in the City's financial statements because it uses a financial reporting framework which differs from the framework used by the City. Newton Municipal Waterworks budgets on the GAAP basis. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements/expenses known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements/expenses required to be budgeted include disbursements/expenses for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds, and Enterprise Funds. Although the budget document presents function disbursements/expenses by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements/expenses by \$5,335,344. The budget amendment is reflected in the final budgeted amounts.

CITY OF NEWTON, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.064541%	0.062751%
City's proportionate share of the net pension liability	\$ 3,023,000	\$ 3,221,000
City's covered payroll	\$ 4,042,000	\$ 3,778,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	74.79%	85.26%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.064586%	0.066760%	0.066986%	0.068103%
\$ 3,452,000	\$ 3,427,000	\$ 2,703,000	\$ 2,195,000
\$ 3,988,000	\$ 3,968,000	\$ 3,790,000	\$ 3,606,000
86.56%	86.37%	71.32%	60.87%
82.21%	81.82%	85.19%	87.61%

CITY OF NEWTON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 391,000	\$ 382,000	\$ 338,000	\$ 357,000
Contributions in relation to the statutorily required contribution	<u>(391,000)</u>	<u>(382,000)</u>	<u>(338,000)</u>	<u>(357,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 4,139,000	\$ 4,042,000	\$ 3,778,000	\$ 3,988,000
Contributions as a percentage of covered payroll	9.45%	9.45%	8.95%	8.95%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 355,000	\$ 339,000	\$ 322,000	\$ 305,000	\$ 280,000	\$ 237,000
<u>(355,000)</u>	<u>(339,000)</u>	<u>(322,000)</u>	<u>(305,000)</u>	<u>(280,000)</u>	<u>(237,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 3,968,000	\$ 3,790,000	\$ 3,606,000	\$ 3,520,000	\$ 3,470,000	\$ 3,410,000
8.95%	8.93%	8.93%	8.67%	8.07%	6.95%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - IPERS PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

CITY OF NEWTON, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.985439%	1.065133%
City's proportionate share of the net pension liability	\$ 6,464,000	\$ 6,342,000
City's covered payroll	\$ 2,982,000	\$ 3,096,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	216.77%	204.84%
MFPRSI's net position as a percentage of the total pension liability	79.94%	81.07%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1.059213%	1.064467%	1.090944%	1.065256%
\$ 6,212,000	\$ 6,656,000	\$ 5,125,000	\$ 3,862,000
\$ 3,000,000	\$ 2,885,000	\$ 2,861,000	\$ 2,815,000
207.07%	230.73%	179.13%	137.19%
80.60%	78.20%	83.04%	86.27%

CITY OF NEWTON, IOWA

SCHEDULE OF CITY CONTRIBUTIONS

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 802,000	\$ 776,000	\$ 795,000	\$ 778,000
Contributions in relation to the statutorily required contribution	<u>(802,000)</u>	<u>(776,000)</u>	<u>(795,000)</u>	<u>(778,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 3,284,000	\$ 2,982,000	\$ 3,096,000	\$ 3,000,000
Contributions as a percentage of covered payroll	24.42%	26.02%	25.68%	25.92%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 801,000	\$ 870,000	\$ 848,000	\$ 738,000	\$ 700,000	\$ 511,000
<u>(801,000)</u>	<u>(870,000)</u>	<u>(848,000)</u>	<u>(738,000)</u>	<u>(700,000)</u>	<u>(511,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,885,000	\$ 2,861,000	\$ 2,815,000	\$ 2,825,000	\$ 2,827,000	\$ 2,570,000
27.76%	30.41%	30.12%	26.12%	24.76%	19.90%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - MFPRSI PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement mortality rates to the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	<u>Special Revenue</u>			
	<u>Road Use Tax</u>	<u>Self Insurance</u>	<u>Housing Initiative</u>	<u>Local Option Sales Tax</u>
Receipts:				
Property tax	\$ --	\$ --	\$ --	\$ --
Other city tax	--	--	--	1,565,459
Use of money and property	--	--	4,338	--
Intergovernmental	1,960,724	--	--	--
Miscellaneous	--	54,404	48,603	--
Total receipts	<u>1,960,724</u>	<u>54,404</u>	<u>52,941</u>	<u>1,565,459</u>
Disbursements:				
Operating:				
Public safety	--	--	--	618,181
Public works	2,268,811	--	--	20,000
Culture and recreation	--	--	--	379,367
Community and economic development	31,778	--	79,123	--
General government	--	39,887	--	--
Total disbursements	<u>2,300,589</u>	<u>39,887</u>	<u>79,123</u>	<u>1,017,548</u>
Excess (deficiency) of receipts over (under) disbursements	(339,865)	14,517	(26,182)	547,911
Other financing sources (uses):				
Proceeds from sale of assets	--	--	2,700	--
Transfers out	(50,500)	(75,000)	--	(547,911)
Total other financing sources (uses)	<u>(50,500)</u>	<u>(75,000)</u>	<u>2,700</u>	<u>(547,911)</u>
Change in cash balances	(390,365)	(60,483)	(23,482)	--
Cash balances beginning of year	<u>992,897</u>	<u>111,533</u>	<u>303,130</u>	<u>--</u>
Cash balances end of year	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

(continued next page)

Special Revenue		Permanent				
Self Supported Municipal Improvement District	Hometown Rewards	Cemetery Perpetual Care	Memorial Garden	Fred Maytag Park Endowment	Total	
\$ 17,035	\$ --	\$ --	\$ --	\$ --	\$ 17,035	
--	--	--	--	--	1,565,459	
34	--	--	--	--	4,372	
1,518	--	--	--	--	1,962,242	
365	--	--	--	--	103,372	
<u>18,952</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,652,480</u>	
--	--	--	--	--	618,181	
--	--	--	--	--	2,288,811	
--	--	--	--	--	379,367	
11,393	--	--	--	--	122,294	
--	--	--	--	--	39,887	
<u>11,393</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,448,540</u>	
7,559	--	--	--	--	203,940	
--	--	7,560	--	--	10,260	
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(673,411)</u>	
--	--	7,560	--	--	(663,151)	
<u>--</u>	<u>--</u>	<u>7,560</u>	<u>--</u>	<u>--</u>	<u>(459,211)</u>	
7,559	--	7,560	--	--	(459,211)	
6,112	11,144	292,625	49,570	233,320	2,000,331	
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>	

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

<u>Special Revenue</u>				
	<u>Road Use Tax</u>	<u>Self Insurance</u>	<u>Housing Initiative</u>	<u>Local Option Sales Tax</u>
Cash Basis Fund Balances				
Nonspendable:				
Cemetery perpetual care	\$ --	\$ --	\$ --	\$ --
Park endowment	--	--	--	--
Restricted for:				
Streets	602,532	--	--	--
Housing initiative	--	--	279,648	--
Other purposes	<u>--</u>	<u>51,050</u>	<u>--</u>	<u>--</u>
Total cash basis fund balance	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>		<u>Permanent</u>			<u>Total</u>
<u>Self Supported Municipal Improvement District</u>	<u>Hometown Rewards</u>	<u>Cemetery Perpetual Care</u>	<u>Memorial Garden</u>	<u>Fred Maytag Park Endowment</u>	
\$ --	\$ --	\$ 300,185	\$ 49,570	\$ --	\$ 349,755
--	--	--	--	233,320	233,320
--	--	--	--	--	602,532
--	--	--	--	--	279,648
<u>13,671</u>	<u>11,144</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>75,865</u>
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>

CITY OF NEWTON, IOWA
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2020

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Notes and Bonds:			
2012 G.O. Corporate Refunding Bonds	June 27, 2012	1.00 - 2.25%	\$ 9,385,000
2014A G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.90%	4,330,000
2014B G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.15%	2,525,000
2015A G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 2.95%	4,790,000
2015B G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 3.00%	4,705,000
2017A G.O. Urban Renewal Bonds	August 22, 2017	3.10%	1,448,000
2017B G.O. Urban Renewal Bonds	August 22, 2017	2.10%	1,632,000
2017C G.O. Urban Renewal Bonds	December 6, 2017	3.42%	2,388,000
2018A G.O. Urban Renewal Bonds	March 19, 2018	4.08%	1,971,000
2018 Housing Development Loan	May 24, 2018	1.00%	450,000
2019A G.O. Urban Renewal Bonds	April 16, 2019	2.00 - 4.00%	4,310,000
2019B G.O. Urban Renewal Bonds	April 16, 2019	2.85 - 3.60%	3,095,000
2019C G.O. Refunding Bonds	November 7, 2019	1.85 - 3.13%	1,995,000
2020A G.O. Corporate Purpose Bonds	April 6, 2020	3.00%	2,340,000
2020B G.O. Corporate Purpose Bonds	April 6, 2020	2.61 - 3.55%	1,230,000
Total General Obligation Notes and Bonds			
Revenue Notes:			
2002 Sewer Revenue Capital Loan	April 3, 2002	1.75%	2,261,000
2007 Sewer Revenue Capital Loan	April 5, 2007	1.75%	2,561,000
2010 Sewer Revenue Capital Loan	January 13, 2010	3.00%	548,000
Total Revenue Notes			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 5,290,000	\$ --	\$ 845,000	\$ 4,445,000	\$ 99,620
1,715,000	--	655,000	1,060,000	41,375
1,540,000	--	155,000	1,385,000	31,753
3,430,000	--	540,000	2,890,000	85,925
3,510,000	--	430,000	3,080,000	80,087
1,382,000	--	48,000	1,334,000	42,842
1,615,000	--	29,000	1,586,000	33,915
2,253,000	--	141,000	2,112,000	77,053
1,928,000	--	1,928,000	--	34,088
337,000	113,000	20,526	429,474	4,969
4,310,000	--	100,000	4,210,000	167,217
3,095,000	--	--	3,095,000	114,860
--	1,995,000	65,000	1,930,000	27,576
--	2,340,000	--	2,340,000	--
--	1,230,000	--	1,230,000	--
<u>\$30,405,000</u>	<u>\$5,678,000</u>	<u>\$4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 841,280</u>
\$ 565,000	\$ --	\$ 135,000	\$ 430,000	\$ 9,887
1,219,000	--	136,000	1,083,000	21,333
294,000	--	23,000	271,000	8,820
<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 40,040</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes			
	2012 Corporate Refunding Bonds		2014A Urban Renewal Bonds	
	Issued June 27, 2012		Issued June 18, 2014	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.65%	\$ 860,000	2.45%	\$ 480,000
2022	1.80%	870,000	2.70%	480,000
2023	2.00%	885,000	2.90%	100,000
2024	2.00%	905,000		--
2025	2.25%	925,000		--
2026		--		--
2027		--		--
2028		--		--
		<u>\$4,445,000</u>		<u>\$1,060,000</u>

Year ending June 30,	General Obligation Bonds and Notes			
	2017B Urban Renewal Bonds		2017C Urban Renewal Bonds	
	Issued August 22, 2017		Issued December 6, 2017	
	Interest Rates	Amount	Interest Rates	Amount
2021	2.10%	\$ 105,000	3.42%	\$ 145,000
2022	2.10%	104,000	3.42%	150,000
2023	2.10%	153,000	3.42%	157,000
2024	2.10%	157,000	3.42%	161,000
2025	2.10%	162,000	3.42%	165,000
2026	2.10%	166,000	3.42%	172,000
2027	2.10%	397,000	3.42%	178,000
2028	2.10%	342,000	3.42%	184,000
2029		--	3.42%	190,000
2030		--	3.42%	196,000
2031		--	3.42%	204,000
2032		--	3.42%	210,000
2033		--		--
2034		--		--
2035		--		--
2036		--		--
2037		--		--
2038		--		--
2039		--		--
		<u>\$1,586,000</u>		<u>\$2,112,000</u>

(continued next page)

General Obligation Bonds and Notes

2014B Urban Renewal Bonds Issued June 18, 2014		2015A Urban Renewal Bonds Issued June 30, 2015		2015B Urban Renewal Bonds Issued June 30, 2015		2017A Urban Renewal Bonds Issued August 22, 2017	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2.00%	\$ 165,000	2.20%	\$ 550,000	2.00%	\$ 520,000	3.10%	\$ 79,000
2.00%	175,000	2.40%	565,000	3.00%	490,000	3.10%	109,000
2.00%	410,000	2.60%	575,000	2.00%	590,000	3.10%	118,000
2.15%	635,000	2.80%	590,000	2.25%	335,000	3.10%	123,000
--	--	2.95%	610,000	2.25%	630,000	3.10%	128,000
--	--	--	--	2.50%	515,000	3.10%	133,000
--	--	--	--	--	--	3.10%	351,000
--	--	--	--	--	--	3.10%	293,000
	<u>\$1,385,000</u>		<u>\$2,890,000</u>		<u>\$3,080,000</u>		<u>\$1,334,000</u>

General Obligation Bonds and Notes

2018 Housing Development Refunding Notes Issued May 24, 2018		2019A Urban Renewal Bonds Issued April 16, 2019		2019B Urban Renewal Bonds Issued April 16, 2019		2019C Refunding Bonds Issued November 7, 2019	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
1.00%	\$ 21,254	2.00%	\$ 170,000		\$ --	1.85%	\$ 60,000
1.00%	21,467	2.00%	170,000		--	1.85%	70,000
1.00%	21,683	2.00%	170,000		--	1.85%	120,000
1.00%	21,900	2.00%	195,000	2.85%	75,000	2.13%	125,000
1.00%	22,120	3.00%	215,000	2.85%	180,000	2.13%	125,000
1.00%	22,341	3.00%	200,000	3.00%	275,000	2.13%	130,000
1.00%	22,565	3.50%	210,000	3.05%	290,000	2.13%	135,000
1.00%	22,791	3.50%	215,000	3.15%	295,000	2.44%	135,000
1.00%	23,020	3.75%	225,000	3.25%	305,000	2.44%	135,000
1.00%	23,251	3.75%	230,000	3.35%	310,000	2.44%	140,000
1.00%	23,484	3.75%	245,000	3.45%	325,000	2.78%	145,000
1.00%	23,719	3.75%	255,000	3.50%	335,000	2.78%	150,000
1.00%	23,957	4.00%	255,000	3.55%	345,000	2.78%	150,000
1.00%	24,197	4.00%	270,000	3.60%	360,000	2.78%	60,000
1.00%	24,440	4.00%	280,000		--	3.13%	60,000
1.00%	24,685	4.00%	290,000		--	3.13%	60,000
1.00%	24,932	4.00%	305,000		--	3.13%	65,000
1.00%	25,182	4.00%	310,000		--	3.13%	65,000
1.00%	12,486	--	--		--		--
	<u>\$ 429,474</u>		<u>\$4,210,000</u>		<u>\$3,095,000</u>		<u>\$1,930,000</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes				
	2020A Corporate Purpose Bonds		2020B Corporate Purpose Bonds		Total
	Issued		Issued		
	April 6, 2020		April 6, 2020		
	Interest Rates	Amount	Interest Rates	Amount	
2021		\$ --		\$ --	\$ 3,155,254
2022		--		--	3,204,467
2023		--		--	3,299,683
2024		--		--	3,322,900
2025	3.00%	125,000	2.61%	65,000	3,352,120
2026	3.00%	135,000	2.61%	70,000	1,818,341
2027	3.00%	135,000	2.61%	70,000	1,788,565
2028	3.00%	140,000	2.61%	70,000	1,696,791
2029	3.00%	140,000	2.61%	75,000	1,093,020
2030	3.00%	150,000	2.61%	75,000	1,124,251
2031	3.00%	150,000	3.55%	80,000	1,172,484
2032	3.00%	155,000	3.55%	80,000	1,208,719
2033	3.00%	160,000	3.55%	85,000	1,018,957
2034	3.00%	165,000	3.55%	85,000	964,197
2035	3.00%	170,000	3.55%	90,000	624,440
2036	3.00%	170,000	3.55%	90,000	634,685
2037	3.00%	180,000	3.55%	95,000	669,932
2038	3.00%	185,000	3.55%	100,000	685,182
2039	3.00%	180,000	3.55%	100,000	292,486
		<u>\$2,340,000</u>		<u>\$1,230,000</u>	<u>\$ 31,126,474</u>

(continued next page)

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending, June 30,	Revenue Notes			
	2002 Sewer Revenue Capital Loan Note		2007 Sewer Revenue Capital Loan Note	
	Issued April 3, 2002		Issued April 5, 2007	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.75%	\$ 139,000	1.75%	\$ 140,000
2022	1.75%	143,000	1.75%	145,000
2023	1.75%	148,000	1.75%	150,000
2024		--	1.75%	154,000
2025		--	1.75%	159,000
2026		--	1.75%	165,000
2027		--	1.75%	170,000
2028		--		--
2029		--		--
2030		--		--
		<u>\$ 430,000</u>		<u>\$1,083,000</u>

See accompanying independent auditor's report.

<u>Revenue Notes</u>		
<u>2010 Sewer Revenue</u>		
<u>Capital Loan Note</u>		
<u>Issued</u>		
<u>January 13, 2010</u>		
<u>Interest</u>		
<u>Rates</u>	<u>Amount</u>	<u>Total</u>
3.00%	\$ 23,000	\$ 302,000
3.00%	24,000	312,000
3.00%	25,000	323,000
3.00%	26,000	180,000
3.00%	27,000	186,000
3.00%	28,000	193,000
3.00%	28,000	198,000
3.00%	29,000	29,000
3.00%	30,000	30,000
3.00%	31,000	31,000
	<u>\$ 271,000</u>	<u>\$ 1,784,000</u>

CITY OF NEWTON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts:				
Property tax	\$ 7,416,512	\$ 7,305,140	\$ 7,549,456	\$ 7,370,516
Tax increment financing	2,027,592	2,020,002	1,881,301	2,032,186
Other city tax	2,030,278	1,975,191	1,875,554	2,142,449
Licenses and permits	247,113	330,087	315,814	388,274
Use of money and property	212,974	215,295	180,398	131,458
Intergovernmental	3,347,441	3,955,163	2,947,723	4,208,532
Charges for service	2,268,378	2,000,045	2,049,922	1,923,732
Special assessments	13,093	13,323	15,105	39,173
Miscellaneous	<u>1,305,843</u>	<u>1,251,310</u>	<u>1,068,985</u>	<u>1,336,748</u>
Total	<u>\$ 18,869,224</u>	<u>\$ 19,065,556</u>	<u>\$ 17,884,258</u>	<u>\$ 19,573,068</u>
Disbursements:				
Operating:				
Public safety	\$ 7,080,878	\$ 6,968,458	\$ 6,960,609	\$ 6,755,455
Public works	3,592,615	3,133,770	3,075,700	3,304,874
Health and social services	--	--	--	--
Culture and recreation	2,398,550	2,476,301	2,120,351	2,063,856
Community and economic development	957,173	1,248,855	2,304,185	1,732,006
General government	1,207,102	1,308,975	1,217,936	1,252,386
Debt service	3,943,699	3,684,522	3,522,476	3,286,679
Capital projects	<u>6,634,097</u>	<u>5,815,461</u>	<u>4,995,679</u>	<u>5,241,281</u>
Total	<u>\$ 25,814,114</u>	<u>\$ 24,636,342</u>	<u>\$ 24,196,936</u>	<u>\$ 23,636,537</u>

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,025,573	\$ 6,917,971	\$ 6,793,884	\$ 6,646,452	\$ 6,495,477	\$ 6,293,597
2,508,520	2,444,811	2,717,402	2,560,585	2,909,173	1,347,281
1,845,968	341,759	1,746,337	1,604,454	1,707,571	1,703,058
341,597	323,716	299,981	307,552	275,515	155,019
133,030	123,333	113,561	116,361	93,264	109,517
3,630,008	3,686,731	2,441,344	2,440,079	2,367,894	4,103,067
1,817,922	1,730,308	1,828,431	1,845,139	1,797,054	2,112,552
25,461	18,911	22,316	22,014	18,308	23,864
<u>883,883</u>	<u>873,919</u>	<u>727,280</u>	<u>594,484</u>	<u>596,567</u>	<u>1,177,272</u>
<u>\$ 18,211,962</u>	<u>\$ 16,461,459</u>	<u>\$ 16,690,536</u>	<u>\$ 16,137,120</u>	<u>\$ 16,260,823</u>	<u>\$ 17,025,227</u>
\$ 6,573,415	\$ 6,618,231	\$ 6,429,196	\$ 6,353,118	\$ 5,717,661	\$ 5,410,336
3,331,047	3,063,416	2,728,791	2,707,209	2,558,601	2,409,348
--	--	--	--	153,374	12,083
2,103,157	1,975,189	1,994,009	1,875,748	1,917,021	1,960,709
1,974,731	2,604,430	1,417,245	2,421,712	2,405,218	737,015
1,214,456	1,279,714	1,203,719	1,112,059	1,102,944	1,553,181
3,033,811	2,729,522	4,006,361	2,137,456	2,357,739	5,914,670
<u>4,681,791</u>	<u>1,564,457</u>	<u>520,188</u>	<u>297,887</u>	<u>810,310</u>	<u>3,620,110</u>
<u>\$ 22,912,408</u>	<u>\$ 19,834,959</u>	<u>\$ 18,299,509</u>	<u>\$ 16,905,189</u>	<u>\$ 17,022,868</u>	<u>\$ 21,617,452</u>

COMPLIANCE SECTION

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 8, 2021. Our report expressed adverse and unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Newton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Newton's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 20-I-A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of non-compliance or other matters which is described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Responses to Findings

The City of Newton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Newton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gunnar W. Bell, John W. P. C.

Atlantic, Iowa
January 8, 2021

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

20-I-A Segregation of Duties:

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: The City Council and Mayor are aware of this lack of segregation of duties, but it is not economically feasible for the City to employ additional personnel for this reason. The City Council and Mayor will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting

20-II-A Certified Budget: Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

20-II-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

20-II-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

20-II-D Business Transactions: In accordance with Chapter 362.5 of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.

20-II-E Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

20-II-F Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

20-II-G Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

20-II-H Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

20-II-I Revenue Notes: No instances of non-compliance with the revenue note resolutions were noted.

20-II-J Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

20-II-K Solid Waste Fees Retainage: No instances of non-compliance with the solid waste fees used in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.

20-II-L Financial Assurance: The City has met the closure and postclosure care financial assurance requirements issued by the Iowa Department of Natural Resources by complying with the local government financial test as specified in Iowa Administrative Code Chapter 567-113.14(6)(f).

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting - Continued

20-II-M Financial Condition: The City had deficit balances in the following funds at June 30, 2020:

Special Revenue:		
Speedway/Prairie Fire Tax Increment Financing	\$	400,643
Enterprise:		
Golf		344,402

Recommendation: The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response: The City will continue to monitor funds with a deficit balance and develop strategies to return these funds to a sound financial position.

Conclusion: Response accepted.

20-II-N Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. No exceptions were noted.

20-II-O Economic Development: During the year ended June 30, 2020, the City paid \$47,600 to Newton Housing Development Corporation and \$100,000 to Newton Development Corporation. The City Council has documented the public benefits received from this expenditure, however, it is disclosed here for public information.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses the specific criteria to be considered in documenting public purpose.

Recommendation: The Council should continue to evaluate and document the public purpose served by these expenditures before authorizing further payments.

Response: We will continue to evaluate and document the public purpose in the future.

Conclusion: Response accepted.

* * *

STATISTICAL SECTION

Table 1

CITY OF NEWTON
TAX INCREMENT FINANCING FUND - SCHEDULE OF CASH RECEIPTS
DISBURSEMENTS AND CASH BALANCE
INCEPTION TO JUNE 30, 2020

Operating Receipts

Bond Proceeds	31,724,268
Interest on Investments	218,621
Sale of Property	1,795,119
Property Taxes	41,740,931
Intergovernmental	11,173,028
Miscellaneous	3,407,425
	<u>90,059,392</u>

Operating Disbursements

Property acquisition and improvement	9,694,844
Property demolition	966,390
Economic Development grants	20,403,048
Legal and administrative	1,474,644
Property Taxes	97,338
Relocation	47,050
Contractual Services	5,000
Operating Supplies	15,139
Structures	62,756
Refunds and Property Tax Rebates	4,930,013
Revenue bond principal	5,074,852
Revenue Bond interest	896,194
Street Improvements	1,242,670
City Hall site improvements	550,127
Private Development improvements	462,406
Skiff Medical Center	280,000
Manufactured Gas Plant	3,253
Lighting and landscaping	431,730
Storage yard	578,063
Payment to other agencies	610,369
	<u>47,825,886</u>
Operating receipts over operating disbursements	<u>42,233,506</u>

Other transactions:

Transfer to Debt Service Fund - bond interest	(37,104,434)
Transfer to General Fund - economic development	(5,315,351)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(272,975)
Transfer to Capital Projects Fund	(910,709)
Transfer to Sewer Fund	(547,555)
Transfer to Hotel/Motel Tax Fund	(131,390)
Interfund Loan	1,876,639
Cash and investment balance at June 30, 2020	<u>(174,769)</u>

Note: During the fiscal year 1988, the City established a tax increment financing district to generate revenues to assist the City in funding responsibility for an urban renewal plan. Under the urban renewal plan, the City purchases properties located within the district to be demolished for development. The City issued bonds to initially fund this plan, which will be retired from fund revenues through transfers to the Debt Service Fund.

Table 2

CITY OF NEWTON
COMPARISON OF ENTERPRISE FUNDS CHARGES FOR
SERVICES RECEIPTS

Year Ended June 30	Sewer	Landfill	Golf
2011	1,777,277	1,333,719	407,474
2012	2,074,418	1,314,130	353,937
2013	2,546,212	1,516,748	305,269
2014	2,556,779	1,465,029	359,853
2015	2,648,707	1,596,609	324,160
2016	2,581,415	1,686,673	343,840
2017	2,552,667	1,781,784	301,814
2018	2,744,092	1,802,836	301,979
2019	2,764,210	2,229,567	261,236
2020	2,976,127	2,002,724	280,463

CITY OF NEWTON
COMPARATIVE TOTAL AND PER CAPITA FUNCTION DISBURSEMENTS

Year Ended	Population	Public Safety Disbursements		Public Works Disbursements		Health and Social Services Disbursements		Culture & Recreation Disbursements		Community and Economic Development Disbursements	
		Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
<u>June 30</u>	<u>Per Census</u>										
2011	15,254**	\$ 5,414,879	\$ 354.98	\$ 2,410,052	\$ 157.99	\$ 12,083	\$ 0.79	\$ 1,961,802	\$ 128.61	\$ 737,224	\$ 48.33
2012	15,254**	\$ 5,717,661	\$ 374.83	\$ 2,558,601	\$ 167.73	\$ 153,374	\$ 10.05	\$ 1,917,021	\$ 125.67	\$ 2,405,218	\$ 157.68
2013	15,254**	\$ 6,353,118	\$ 416.49	\$ 2,707,209	\$ 177.48	\$ -	\$ -	\$ 1,875,748	\$ 122.97	\$ 2,421,712	\$ 158.76
2014	15,254**	\$ 6,429,196	\$ 421.48	\$ 2,728,791	\$ 178.89	\$ -	\$ -	\$ 1,994,009	\$ 130.72	\$ 1,417,245	\$ 92.91
2015	15,254**	\$ 6,618,231	\$ 433.87	\$ 3,063,416	\$ 200.83	\$ -	\$ -	\$ 1,975,189	\$ 129.49	\$ 2,604,430	\$ 170.74
2016	15,254**	\$ 6,573,415	\$ 430.93	\$ 3,331,047	\$ 218.37	\$ -	\$ -	\$ 2,103,157	\$ 137.88	\$ 1,974,731	\$ 129.46
2017	15,254**	\$ 6,755,455	\$ 442.86	\$ 3,304,874	\$ 216.66	\$ -	\$ -	\$ 2,063,856	\$ 135.30	\$ 1,732,006	\$ 113.54
2018	15,254**	\$ 6,960,609	\$ 456.31	\$ 3,075,700	\$ 201.63	\$ -	\$ -	\$ 2,120,351	\$ 139.00	\$ 2,304,185	\$ 151.05
2019	15,254**	\$ 6,968,458	\$ 456.83	\$ 3,133,770	\$ 205.44	\$ -	\$ -	\$ 2,476,301	\$ 162.34	\$ 1,248,855	\$ 81.87
2020	15,254**	\$ 7,080,878	\$ 464.20	\$ 3,592,615	\$ 235.52	\$ -	\$ -	\$ 2,398,550	\$ 157.24	\$ 957,173	\$ 62.75

**2010 census figures

Note: Beginning in 2011 fiscal year the City began reporting the Skiff
Medical Center as an Enterprise Fund.

Table 3

General Government Disbursements		Debt Service Disbursements		Capital Projects Disbursements		Business Type Activities Disbursements		Total Disbursements	
<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>
\$ 1,555,017	\$ 101.94	\$ 5,914,670	\$ 387.75	\$ 3,620,110	\$ 237.32	\$ 39,733,332	\$ 2,604.78	\$ 61,359,169	\$ 4,022.50
\$ 1,102,944	\$ 72.31	\$ 2,357,739	\$ 154.57	\$ 810,310	\$ 53.12	\$ 39,634,526	\$ 2,598.30	\$ 56,657,394	\$ 3,714.26
\$ 1,112,059	\$ 72.90	\$ 2,137,456	\$ 140.12	\$ 297,887	\$ 19.53	\$ 3,760,471	\$ 246.52	\$ 20,665,660	\$ 1,354.77
\$ 1,203,719	\$ 78.91	\$ 4,006,361	\$ 262.64	\$ 520,188	\$ 34.10	\$ 5,419,379	\$ 355.28	\$ 23,718,888	\$ 1,554.93
\$ 1,279,714	\$ 83.89	\$ 2,729,522	\$ 178.94	\$ 1,564,457	\$ 102.56	\$ 3,063,934	\$ 200.86	\$ 22,898,893	\$ 1,501.17
\$ 1,214,456	\$ 79.62	\$ 3,033,811	\$ 198.89	\$ 4,681,791	\$ 306.92	\$ 4,355,308	\$ 285.52	\$ 27,267,716	\$ 1,787.58
\$ 1,252,386	\$ 82.10	\$ 3,286,679	\$ 215.46	\$ 5,241,281	\$ 343.60	\$ 4,352,732	\$ 285.35	\$ 27,989,269	\$ 1,834.88
\$ 1,217,936	\$ 79.84	\$ 3,522,476	\$ 230.92	\$ 4,995,679	\$ 327.50	\$ 4,008,685	\$ 262.80	\$ 28,205,621	\$ 1,849.06
\$ 1,308,975	\$ 85.81	\$ 3,684,522	\$ 241.54	\$ 5,815,461	\$ 381.24	\$ 4,173,108	\$ 273.57	\$ 28,809,450	\$ 1,888.65
\$ 1,207,102	\$ 79.13	\$ 3,943,699	\$ 258.54	\$ 6,634,097	\$ 434.91	\$ 3,887,177	\$ 254.83	\$ 29,701,291	\$ 1,947.11

Table 4

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RECEIPTS BY FUND

<u>Year Ended June 30</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
2011 *	4,915,611	2,189,531	915,377
2012	3,669,772	2,037,155	788,550
2013	3,845,539	2,228,337	572,577
2014	3,850,520	2,383,477	555,274
2015	3,749,275	2,461,295	695,592
2016	3,732,902	2,535,755	756,916
2017	3,696,606	2,556,746	1,117,164
2018	3,808,571	2,600,795	1,140,090
2019	3,655,380	2,509,325	1,140,435
2020	3,723,880	2,586,431	1,106,201

*For fiscal year 2011, amounts include special assessments local option sales tax, hotel/motel tax receipts and utility excise replacement tax in addition to property tax

CITY OF NEWTON
COMPARATIVE PROPERTY TAX LEVIES AND COLLECTIONS

<u>Year Ended June 30</u>	<u>Collection Year Ended June 30</u>	<u>Total Property Tax Levy</u>	<u>Current Property Tax Collections</u>
2010	2011	6,434,266	6,293,014
2011	2012	6,536,879	6,493,334
2012	2013	6,832,774	6,645,488
2013	2014	6,942,281	6,789,263
2014	2015	7,108,466	7,117,076
2015	2016	7,242,751	7,230,604
2016	2017	7,555,603	7,551,009
2017	2018	7,699,692	7,724,200
2018	2019	7,512,096	7,476,652
2019	2020	7,682,105	7,596,402

See accompanying independent auditor's report.

Table 5

<u>Percent Of Property Tax Levy Collected</u>	<u>Delinquent Property Tax Collections</u>	<u>TIF Property Tax Collections</u>	<u>Total Property Tax Collections</u>
97.80%	583	1,347,281	7,640,878
99.33%	2,143	2,909,173	9,404,650
97.26%	965	2,560,584	9,207,037
97.80%	8	2,717,401	9,506,672
100.12%	2,048	2,444,811	9,563,935
99.83%	-9,321	2,508,520	9,729,803
99.94%	352	2,032,186	9,583,547
100.32%	-577	1,881,301	9,604,924
99.53%	174	2,020,002	9,496,828
98.88%	2,518	2,027,592	9,626,512

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RATES PER \$1,000 OF
ASSESSED VALUATION

Levy Year	Collection Year Ended June 30	Levy for			
		Newton School District	City of Newton	Jasper County	Area Schools
2010	2011	16.72645	15.34596	8.38776	0.56008
2011	2012	16.23768	15.30305	8.62582	0.59018
2012	2013	15.96319	14.99630	7.66830	0.58466
2013	2014	15.15308	14.66304	7.23964	0.68147
2014	2015	14.71796	15.80911	7.63891	0.65599
2015	2016	15.57662	16.19936	7.84733	0.67565
2016	2017	15.81157	17.14677	8.25538	0.72504
2017	2018	15.80758	17.14000	8.25967	0.67452
2018	2019	15.77415	17.14000	8.25967	0.69468
2019	2020	15.79274	17.14000	8.25697	0.65249

See accompanying independent auditor's report.

Table 6

Extension Council	County Assessor	Tuberculosis Eradication	Total	Percent of City of Newton Levy to Total Levy
0.17318	0.42448	0.00340	41.62131	36.87%
0.16758	0.41948	0.00320	41.34699	37.01%
0.16027	0.39701	0.00330	39.77303	37.70%
0.15695	0.39051	0.00000	38.28469	38.30%
0.18436	0.27962	0.00330	39.28925	40.24%
0.17502	0.22386	0.00407	40.70191	39.80%
0.17384	0.28408	0.00424	42.40092	40.44%
0.16992	0.39658	0.00421	42.45248	40.37%
0.18527	0.36790	0.00035	42.42202	40.40%
0.17922	0.40028	0.00032	42.42202	40.40%

Table 7

CITY OF NEWTON
COMPARATIVE RATIO OF GENERAL OBLIGATIONS BONDED DEBT TO TAXABLE VALUE
AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

Date	Population Per Census	Taxable Value (Agriculture Land Included)	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
6/30/2011	15,254**	454,143,296	24,303,000 (1)	0.053514	1,593.22
6/30/2012	15,254**	510,841,569	28,090,000 (2)	0.054988	1,841.48
6/30/2013	15,254**	536,167,609	26,860,000 (2)	0.050096	1,760.85
6/30/2014	15,254**	544,823,839	21,525,000	0.039508	1,411.11
6/30/2015	15,254**	524,874,705	26,190,000	0.049898	1,716.93
6/30/2016	15,254**	519,091,987	23,750,000	0.045753	1,556.97
6/30/2017	15,254**	497,553,581	21,025,000	0.042257	1,378.33
6/30/2018	15,254**	507,342,971	25,601,000	0.050461	1,678.31
6/30/2019	15,254**	510,307,661	30,405,000	0.059582	1,993.25
6/30/2020	15,254**	547,571,015	31,126,474	0.056845	2,040.55

** 2010 census figures

(1) Includes capital loan notes and bonds payable.

(2) Includes capital loan notes of \$9,065,000 for which
the cross-over refunding call date is June 1, 2014

Table 8

CITY OF NEWTON, IOWA
SEWER FUND DATA
JUNE 30, 2020

Sewer customers served at June 30, 2020 6,290

Sewer rates in effect at June 30, 2020

Minimum charge of \$12.52 per month plus \$4.01/100 cubic feet over the first 200 cubic feet used.

A surcharge factor is levied for the following customers whose waste waters exceed normal domestic waste water:

<u>Customer Type</u>	<u>Surcharge Factor</u>
Laundry, including industrial laundries, commercial laundries, and laundromatic	1.2
Car washes	1.3
Restaurants - including quick service and sit-down types	1.6
Bakeries	1.4
Nursing homes	1.6
Correctional Facilities	1.4

CITY OF NEWTON, IOWA
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2020

Ten Largest Employers in Jasper County

Name (1)	Business Activity
TPI Composites Inc	Wind turbine blades
Newton Community School District	Education
Hy-Vee Corporation	Food Retailer
Wal-Mart, Inc.	Retail
Arcosa Wind Towers	Industrial/Warehouse
Rock Communications	Commercial Printing
MercyOne Newton Medical Center	Hospital
The Vernon Company	Specialty Advertising
Progress Industries	Service Industry
VanMaanen Electric	Electric Company

Ten Largest Taxpayer by Assessed Valuation (does not include Utilities)

Name (2)	Business Activity
Iowa Speedway LLC	Iowa Speedway
TPI Iowa LLC	TPI Wind Blades
Phoenix Newton Industrial Investors	Trinity Towers Manufacturing Plant/Industrial/Warehouse
Wesley Retirement Services	Retirement Residences
Wal-Mart, Inc.	Retail
Hy-Vee Corporation	Food Retailer
Newton Village, Inc	Retirement Residences
GPI WG Acquisition Sub LLC	Carton Manufacturing
Love's Travel Stop & Country	Retail
Newton Lodge & Suites, LLC	Hotel